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TO RUEHVI/AMEMBASSY VIENNA IMMEDIATE 1219  
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S E C R E T SECTION 01 OF 02 STATE 068409

SIPDIS

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E.O. 12958: DECL: 05/18/2027  
TAGS: [PARM](#) [PREL](#) [ETTC](#) [AE](#)  
SUBJECT: POSSIBLE E.O. 13382 DESIGNATION OF DANIEL FROSCH  
AND ASSOCIATED INDIVIDUALS

REF: A. 05 STATE 120771  
[B.](#) ABU DHABI 493  
[C.](#) ABU DHABI 422  
[D.](#) 06 STATE 28289  
[E.](#) 06 VIENNA 2541  
[F.](#) VIENNA 626  
[G.](#) MARCH 1 U.S.-UAE CTF

Classified By: ISN PDAS PATRICIA A. MCNERNEY  
for reasons 1.4 (b),(C) and (D)

[1.](#) (U) This is an action request. Embassies Abu Dhabi and Vienna and CG Dubai, please see paragraph 6.

[2.](#) (S//REL AUSTRIA) Background: Since October 2005, the USG has been working with the government of Austria (GoA) to bring to a halt the proliferant activities of Austrian firm Daniel Frosch Export Industrial Spare Parts (DFE), a company that has worked on many occasions to procure goods for Iranian missile and defense entities. In an effort to circumvent increasing Austrian scrutiny - and with the intent of disguising the location of the actual end-users (Iran) - DFE began routing shipments through the United Arab Emirates using the Dubai-based firm Bazar Trading Company LLC (BTC) (Ref D). Pursuant to an investigation of DFE related to these activities, the Austrian government in August 2006 ordered the arrest of Daniel Frosch (DFE CEO) and Erich Frosch (DFE project manager and Daniel's father) (Ref E). While Erich was taken into custody, Daniel evaded arrest by taking up residence in Dubai, where he continued his procurement work with BTC on behalf of Iran. (Note: Our last update from the GOA was that Erich had been released on bail, but faces charges of fraud and violating the Austrian Foreign Trade Act. (Ref F) End note.)

[3.](#) (S//REL UAE) At the March 1 U.S.-UAE Counterproliferation Task Force (CTF), we advised the UAEG that Frosch had sold his shares in BTC to its managing director, Mohammad Rohani, due to a number of payment problems Frosch had encountered with several of his Iranian customers (including SHIG front Tiz Pars). We also shared with UAE officials our understanding that Frosch intended to open a new business in his Dubai apartment in order to continue his business dealings with Iran. In response, the UAEG indicated that BTC would soon be shut down, and promised to follow up on our request to curtail any further defense-related business conducted by Daniel Frosch in the UAE (Ref G). To date, we have not received any further word on the UAE's actions against either BTC or Frosch. However, recent information confirms that Frosch continues to do business with a number of Iranian missile and defense-related firms, including the Ammunition and Metallurgical Industries Group (AMIG) and the Associated Fadir Industrial Factories (AFIF). As you know, AMIG was listed in the Annex to UNSCR 1747. We also understand that Frosch appears to be resolving some of his financial problems, and plans to move to a new office in Dubai.

¶4. (S//NF) Since Frosch appears determined to continue providing material support for Iran's missile program, namely the Aeospace Industries Organization (AIO) , the U.S. is considering Daniel Frosch, and associated persons and entities for designation under Executive Order (E.O.) 13382. The E.O. allows the U.S. to block or freeze the assets of weapons of mass destruction (WMD) proliferators and their supporters (ref A).

¶5. OBJECTIVES: Posts should:

-- Express concern of the magnitude of support and the degree to which Frosch is complicit in providing material support to Iran's missile program. Ask host government for any information they may have on Daniel Frosch or any other individuals associated with him or his erstwhile (but now defunct) firm, Daniel Frosch Export Industrial Spare Parts (DFE). In particular we would appreciate specific identifying information about Daniel Frosch or others (for Austria, this includes Erich Frosch; for the UAE, this would include Mohammad Rohani, Mojgan Rohani, and Bazar Trading Company) associated with him or DFE, such as passport numbers, dates of birth, places of birth, national identification numbers, etc. We would especially appreciate copies of passports, visa applications, or other documents filed with the host government that might contain such information.

STATE 00068409 002 OF 002

-- explain to our GOA interlocutors that Frosch's continued dealings with Iranian proliferants provide a strong reason to further scrutinize his activities. The information they provide will be invaluable in assisting the U.S. to investigate these individuals and entities for their role in supporting Iran's WMD proliferation-related activity.

-- express to the UAEG that the sharing of such information is consistent with our efforts to enhance counterproliferation cooperation through the CTF.

-- request that the UAE provide an update on its investigation into the information provided on Frosch at the March 1 CTF.

¶6. (S) ACTION REQUEST: Department requests Posts to draw from para 2, 3 and 5, as appropriate, to seek specific identifying information from the UAE and Austria on Daniel Frosch. We are also interested in other individuals associated with Daniel Frosch and the now-defunct firm known as Daniel Frosch Export Industrial Spare Parts (DFE) that previously lived in or transited either Austria or UAE or who have recently received residency visas for either country. This information will be used in our continuing investigation of these entities and individuals for possible E.O. 13382 designations. Posts are requested to report delivery of demarche and any immediate reaction by May 30.

¶7. (U) Department point of contact is Matthew Zartman, ISN/CPI, (202) 647-7588, zartmanml@state.sgov.gov. Please include SIPDIS in all responses.

¶8. (U) Department thanks Post for its assistance.  
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